

“Work should be more fun than fun.”

- Noel Coward

The David Miner
Communiqué
Fall 2010

We Are Moving!

Effective October 1, 2010 – we will be located at our new business home at Bloor and Islington in Toronto. The new space is larger and more suitable for our practice. There is convenient subway access and easy parking. The new office is minutes by car from Highways 401, 427, and the QEW.

Please note our new address, phone, and fax numbers effective October 1. Email addresses and toll-free number remain the same.

Effective October 1, 2010

Our new office location and telephone numbers will be:

David Miner & Associates Inc.
1243 Islington Avenue, Suite 503
Toronto, Ontario, Canada M8X 1Y9

Main: 647-776-2475

David Direct: 647-776-2476

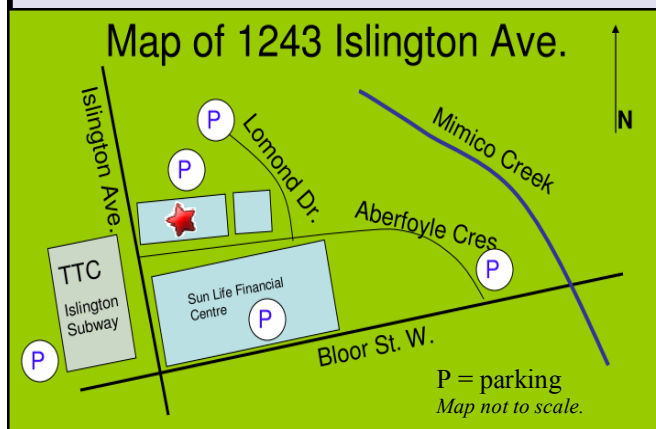
Fax: 647-260-1735

There are no changes to ...

Toll-Free: 1-866-93-MINER (1-866-936-4637)

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In keeping with the relaxed cottage ambiance, David hangs up his running shoes for a leisurely workout.

Retirement – Some Healthy Perspectives

A recent StatsCan study suggests that health plays a big factor on when people leave the workforce. People with chronic health problems are twice as likely to retire early as healthy workers.

The study also linked unhealthy lifestyle choices to early exit from the workforce. Workers who drank more than 5

alcoholic drinks on one occasion at least once per month were almost twice as likely to stop working before age 65. Smoking and obesity also significantly increase the odds of leaving the workforce early.

These results of the study indicate that people who retire early because of poor health and lifestyle may not be able to enjoy the freedom to take cruises or pursue hobbies. On the contrary, they are more likely than their working compadres to be spending time with their doctors, chiropractors, druggists, etc.

Source: Statistics Canada National Population Health Survey.

Global Perspectives

After strong performance from stock markets in 2009 (e.g. S&P/TSX total return up 35.5%), performance in 2010 has been less exuberant. Stock markets still have some distance to climb before getting back to levels seen prior to the sub-prime correction of 2008.

Looking at the global stock markets (the MSCI World Index in C\$) over the last forty years, the market went up in thirty calendar years and down in 10 calendar years. Very simply, the odds of markets going up in any given year have been about 75%.

One year in financial markets is like an inning in baseball. An inning in baseball does not determine the game outcome and certainly does not determine the team that will make it to the World Series. Nevertheless, market emotions are often centered on the daily noise in the media. We have seen a number of days in recent history where market pops or drops were purportedly based on a single company's quarterly earnings report. Who cares!



Dorinda & David at a friend's birthday party in August.

To be fair, short-term traders care. Effectively, we have participants in long-term markets for whom long-term is fifteen minutes. There is no doubt that the short-term traders such as hedge funds tend to increase market volatility. I am not a big fan of hedge funds. As a broker back in the 1980's, I was licensed to trade both options and futures contracts. I also have experience in hedge strategies. That kind of activity is great for brokers as it is high turnover trading. There are some personality types (I will not call in

vestors) who find the action entertaining,

like a weekend in Vegas.

Despite having dabbled in derivatives in my younger days, I was even then more focused on managed solutions such as funds, an area to which I have since devoted my entire investment career for now over twenty years. Slow and steady wins the race, as dull as that sounds. Even University of Toronto, my alma mater, had terrible experience with alternative strategies (i.e. hedge funds) in the last few years and has substantially reduced its exposure to that area in favour of a proven balanced approach.

Thinking long-term means winning long-term. While global markets over the last forty calendar years have increased 75% of the time, the ten year rolling numbers are even more impressive. Over the last thirty-one rolling ten calendar year periods, global markets (the MSCI World Index in C\$) have gone up 29 times; i.e. 94% of the time. The average annual rate of return during each of those 31 rolling ten year periods was 12%. I look forward to the next ten years.

Brandes Investment Partners – Long-Term Outperformance

In the previous article, we discuss global equity markets and how long-term strategies, particularly ten years or more, can be quite rewarding. As long-term investors in mutual funds, we are effectively hiring good portfolio managers. The fund itself is but an efficient conduit to hire good managers. Our objective is to achieve good long-term returns in context of market indices through superior security selection

While providing portfolio management services to another fund company, Brandes was recognized as global equity manager of the year in 2001. In 2002, Brandes began distributing funds in Canada under the Brandes name. I have personally been an investor in Brandes for several years, particularly the Brandes Global Equity Fund. That fund (along with a few other Brandes Funds) is in the small list of funds which are recommended by Morningstar analysts.

I originally was introduced to the Brandes name while I was a partner in an investment counsel back in the late 1980's. Dealing with institutional accounts, I had access to a number of institutional portfolio management surveys. Brandes regularly appeared as a better performer. I read Charles Brandes' book "Value Investing Today" and became an investor when their services were available in Canada.

Brandes is characterized by their highly disciplined value approach and very low turnover of personnel. Like some other value managers, their global equity performance has been below median recently. However, looking back at their institutional numbers since 1978, Brandes has more frequently than not outperformed the MSCI World Index by a healthy margin. Comfort with Brandes is high.

We enclose two important pieces from Brandes. One is a Study from Dalbar in the U.S. which shows the average outperformance of investors who buy and hold funds versus the much poorer performance of investors who are always flipping around and chasing fund performance. The second is a piece on The Importance of Investing Globally.



David & Dorinda:
Summer Cottaging!

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